



# **SOUTH FULTON BUDGETING & MILLAGE 101**

**PRESENTED BY:**

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**CITY OF SOUTH FULTON**

**5440 FULTON INDUSTRIAL BLVD, SOUTH FULTON, GA 30336**

**#SouthFultonStrong**



# MILLAGE RATE





# WHAT IS THE MILLAGE RATE AND WHY IS IT IMPORTANT?

**Millage Rate** is the tax rate used to calculate local property taxes. When multiplied against the assessed value of taxable property it calculates the amount of property tax to be paid. It represents the amount per every \$1,000 of a property's assessed value.

Example: A millage rate of 5 mills is \$5.00 per thousand of assessed value. When doing calculations, the millage rate is stated as .005.



# MILLAGE RATE PROCESS

**Step 1: Build a zero-based budget**



**Step 2: Forecast all non-property tax revenues available to support expenditures**



**Step 3: Determine amount of property taxes necessary to fund budget  
(expenditures – non property tax revenues)**



**Step 4: Calculate the exact millage rate needed to generate the necessary amount of property tax revenue to fund the budget. The millage rate will either increase, decrease or stay the same compared to the rollback rate.**



# HOW ARE TAXES ASSESSED?

In Georgia property is required to be assessed at 40% of the fair market value unless otherwise specified by law. (O.C.G.A. 48-5-7)

Property is assessed at the county level by the Board of Tax Assessors. The State Revenue Commissioner is responsible for examining the digests of counties in Georgia in order to determine that property is assessed uniformly and equally between and within the counties. (O.C.G.A. 48-5-340)

Property owners that do not agree with the assessed value on their proposed assessment may file an appeal to the county board of equalization, hearing officer, or arbitration. (O.C.G.A. 48-5-311)





# WHAT ARE THE DUTIES OF THE BOARD OF ASSESSORS?

- Appraise all real and personal property
- Process exemption applications
- Process property appeals
- Maintain records of property ownership
- Maintain property tax maps
- Prepare real and personal property tax digest annually





# WHAT ARE THE DUTIES OF THE TAX COMMISSIONER?

- Calculate and print tax bills
- Collect taxes
- Distribute tax monies to the County, School Boards and City Municipalities
- Process motor vehicle tag applications & renewals





# HOW ARE MY TAXES CALCULATED?

## Formula:

$(\text{FMV} \times \text{Assessment Rate}) - \text{Exemptions} \times \text{Millage Rate} = \text{Tax Bill}$

## Example:

Fair Market Value	\$150,000
Assessed Value (40%)	\$60,000
Homestead Exemption	-\$30,000
Net Assessed Value	\$30,000
Millage Rate	X 0.005 (5 mills)
Annual Property Tax Levy	\$150 Tax Amount



# EXAMPLES OF TAX IMPACT

HOW ARE TAXES COMPUTED				
Non-Homestead			Homestead	
Fair Market Value	100,000		Fair Market Value	100,000
X 40%	0.40		X 40%	0.40
<b>Assessed Value</b>	<b>40,000</b>		<b>Assessed Value</b>	<b>40,000</b>
Assessed Value	40,000		Assessed Value	40,000
Local Exemption	-		Local Exemption	(30,000)
<b>Taxable Value</b>	<b>40,000</b>		<b>Taxable Value</b>	<b>10,000</b>
Taxable Value	40,000		Taxable Value	10,000
X Millage Rate	0.012399		X Millage Rate	0.012399
<b>City Property Taxes</b>	<b>\$ 495.96</b>		<b>City Property Taxes</b>	<b>\$ 123.99</b>
<b>Difference</b>		<b>\$ 371.97</b>		



# WHAT OTHER REVENUES DO CITIES RECEIVE?

- Property Tax
- Sales Tax (Local Option Sales Tax)
- Franchise Fees
- Hotel/Motel Tax
- License & Permits Fees
- Grants
- Intergovernmental Agreements
- Motor Vehicle
- Ticket Revenue
- Tolls





# CURRENT TAX RELIEF EFFORTS

**Freeport  
Exemption**

**Homestead  
Exemption**



# BUDGET





# COSF BUDGET PROCESS

**Step 1:** Fiscal needs of the City are constantly evaluated by the City Treasurer and recommendations are made throughout the year to the City Manager and Council



**Step 2:** Recommended budget process and framework is developed by City Treasurer and transmitted with recommendations to the City Manager



**Step 3:** The City Manager's Office works with the City Treasurer's Office, all department heads and staff leaders to develop a budget framework



**Step 4:** The City Manager's Office fleshes out budget based on City Treasurer recommendations and the needs of the City's service areas to present a proposed budget to Mayor and Council for evaluation



**Step 5:** Mayor and Council take the City Manager's proposed budget and evaluates the vision of the residents, additional services that may be needed and finalize/adopt a budget for the upcoming fiscal year



# DETAILS OF THE PROPOSED BUDGET

**Rollback Rate** is the millage rate that would raise the same amount of revenue as previous year if applied to the current value of the property that was on last year's tax roll.

- Proposed Budget based on rollback rate of 12.399
- Previous millage rate of 11.579 would have resulted in a \$2,359,550 deficit, -7.91% in net levy
- Carries over 15% recommended budget cuts from FY20 proposed by the City Treasurer as well as additional cuts to establish a fund balance and contingency
- Proposed budget should be deemed City Manager's FY21 recommendation to Mayor and Council





# KEY BUDGET CONSIDERATIONS

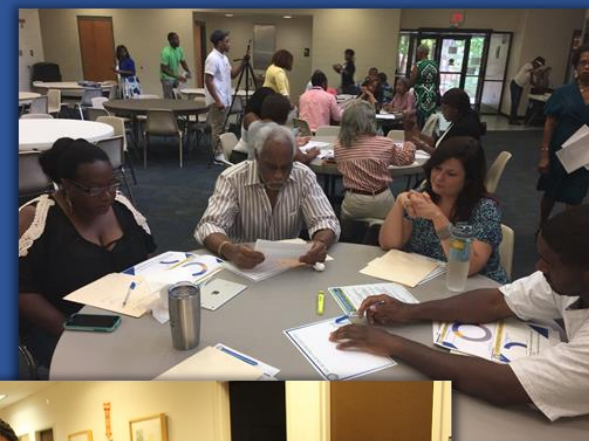
- Proposed budget has no increase in police or fire positions
- Maintains current service levels
- Limited ability to respond to infrastructure emergencies
- Limits overall maintenance fund for Public Works services
- No new capital projects
- Delays implementation of Police/Fire beat study
- Delays implementation of single provider for trash service
- Reduces professional services city wide
- Extends practice of hiring freezes
- Reduces education and training of staff
- Delays investments in technology and software





# OPEN PROCESS FOR SOUTH FULTON

- ✓ Budget Open Houses
- ✓ Open Budget Deliberation Process
- ✓ OpenGov
- ✓ Public Hearings/Budget Presentations
- ✓ Millage Rate Hearings





# QUESTIONS